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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development of, California Renewables Portfolio Standard Program.	)))))	Rulemaking 15-02-020 (Filed February 26, 2015)

OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON IMPLEMENTATION OF ELEMENTS OF SENATE BILL 350 RELATING TO PROCUREMENT UNDER THE RENEWABLES PORTFOLIO STANDARD

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I.

INTRODUCTION AND EXECUTIVE SUMMARY

Pursuant to the Administrative Law Judge's Ruling Requesting Comment on Implementation of Elements of Senate Bill ("SB") 350 Relating to Procurement under the California Renewables Portfolio Standard ("RPS"), dated April 15, 2016, Southern California Edison Company ("SCE") hereby submits its opening comments on the implementation of elements of SB 350 relating to RPS procurement. Key issues of importance to SCE in these comments are:

- The California Public Utilities Commission ("Commission" or "CPUC") should recognize that SB 350 makes limited changes to the ongoing RPS program. When SB 350 does not mandate changes in the RPS program, none are needed. This is consistent with the approach the Commission took to implementing the changes to the RPS program made in SB 2 (1X), where the Commission stated: "The Commission's experience with the RPS program over the past decade confirms that ratepayers, retail sellers, and RPS market participants generally are better served by stability and continuity in the administration of compliance and enforcement in the RPS program than by wide-ranging revision of the fundamental enforcement structures, while appropriately incorporating the changes to the RPS requirements made by SB 2 (1X)."[1]
- Consistent with the legal principles of statutory construction and the Commission's past practice in interpreting SB 2 (1X), the Commission should look the usual and ordinary meaning of the language in SB 350 and give unambiguous words their plan meaning.[2]
- The Commission should protect customers' investments in previously executed contracts. Load-serving entities' ("LSE's") customers have already made significant investments in renewable resources under the RPS program rules in effect at the time the contracts were executed. Indeed, SCE's customers are already obligated to pay for a substantial amount of RPS generation delivering after 2020 and after 2030 under long-term, Commission-approved contracts signed under the current RPS program rules. The Commission must ensure that customers' pre-existing investments in renewable resources are protected to

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1 Decision ("D.") 14-12-023, p. 6.
2 *See* D.11-12-020, p. 7; D.11-12-052, p. 7; D.12-06-028, p. 8.

avoid undermining the value of these resources and the market certainty that is needed for the RPS program to work effectively. This means that the Commission should not limit the long-term contracts, utility-owned generation ("UOG"), or ownership agreements that count towards the new requirements of Public Utilities Code Section 399.13(b) to those contracts signed on or after January 1, 2021, or those projects reaching commercial operation on or after that date. Nor should the Commission limit eligibility for portfolio content category ("PCC") 1 or banking for excess procurement to such contracts or resources. These interpretations of SB 350 would deprive customers of the value of investments that were prudently made to support the goals of the RPS program and increase costs to customers by requiring the purchase of replacement RPS-eligible energy. Moreover, none of these restrictions are required or allowed by the language of SB 350.

- Attachment B contains the investor-owned utilities' ("IOUs") stipulation on future banking requirements for renewable energy credits ("RECs"), that the Commission should adopt.
- The Commission should minimize customer costs by implementing SB 350 to avoid unnecessary upward impacts on customer rates.

II.

QUESTIONS FOR COMMENTS

A. Responses to Questions

1. Is there any reason for the Commission to treat the three specified compliance periods differently from the multi-year compliance periods established by SB 2 (1X) and implemented by the Commission in D.11-12-020 (i.e., 2011-2013; 2014-2016; 2017-2020)?

No, the Commission should treat the three specified compliance periods the same as the multi-year compliance periods established by SB 2 (1X). As required by SB 350, the Commission should establish multi-year compliance periods for 2021 through 2024, 2025 through 2027, and 2028

through 2030 consistent with that statute.[3] In addition to complying with SB 350, the existing RPS program structure utilizing multi-year compliance periods provides LSEs with some flexibility to meet their RPS goals. This flexibility allows LSEs to manage their portfolio and keep customer costs down. The existing multi-year compliance framework is consistent with the requirements of SB 350, works well, and should continue to apply.

2. Should the Commission establish additional three-year compliance periods subsequent to 2030 now?

Yes, consistent with and as required by SB 350, the Commission should establish additional compliance periods subsequent to 2030 in increments of three years[4]

3. If the Commission should establish additional compliance periods now, how many compliance periods (or how far into the future) should be established?

The Commission should specify that future compliance periods be in increments of three years indefinitely. However, the Commission should not require reporting of specific compliance periods beyond 2030, for example in RPS compliance reports and RPS Procurement Plans, as it would be premature to forecast and assess the impact of the new 50% RPS targets in this time period. In addition, such forecasts would be have little utility given the amount of uncertainty an LSE would have around its future load forecast and RPS deliveries.

4. Is there any reason for the Commission to treat the PQRs for the three compliance periods through 2030 differently from the PQRs established for the compliance periods through 2020?

No, there is no reason why the Commission should treat the procurement quantity requirements ("PQRs") for the three compliance periods through 2030 differently from the PQRs established for the compliance periods through 2020. In particular, as with the PQRs previously established by the Commission through 2020, SB 350 requires that there be no enforceable RPS targets

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[3] *See* Cal. Pub. Util. Code §§ 399.15(b)(1)(D)-(F) ("The commission shall implement renewables portfolio standard procurement requirements only as follows:
(1) Each retail seller shall procure a minimum quantity of eligible renewable energy resources for each of the following compliance periods: . . .
(D) January 1, 2021, to December 31, 2024, inclusive.
(E) January 1, 2025, to December 31, 2027, inclusive.
(F) January 1, 2028, to December 31, 2030, inclusive.").

[4] *See* Cal. Pub. Util. Code § 399.15(b)(2)(B).

for any individual years.[5] Intervening year targets should only be used to establish the overall PQRs for each multi-year compliance period.[6]

As it did when it adopted the PQRs for compliance periods in the 33% RPS program, the Commission should use a straight-line trajectory to set the intervening year targets that establish the PQRs for the 2021 through 2024, 2025 through 2027, and 2028 through 2030 compliance periods.[7] The Commission previously concluded that "[o]ver all, the straight-line trend provides the most sensible approach to setting quantitative targets that represent retail sellers' 'reasonable progress' for the 'intervening years' of a compliance period."[8] Using a straight-line trajectory continues to be the most reasonable approach to setting the PQRs through 2030. Moreover, none of the statutory changes in SB 350 require or suggest that the Commission should take a different approach.

5. Should the Commission establish PQRs for any compliance periods subsequent to 2030 now?

Yes, the Commission should establish PQRs of an average of 50% for compliance periods subsequent to 2030. With respect to compliance periods after 2030, SB 350 provides that the Commission "shall establish appropriate three-year compliance years for all subsequent years that require retail sellers to procure not less than 50 percent of retail sales of electricity products from eligible renewable energy resources."[9] Accordingly, establishing PQRs of an average of 50% for all compliance periods after 2030 is consistent with SB 350. It is also consistent with the approach the Commission took for PQRs for compliance periods after 2020 in the 33% RPS program, where the PQRs were set at 33%.[10] The difference is that the RPS statute previously called for annual compliance periods after 2020 while SB 350 requires three-year compliance periods after 2030 as discussed in response to Question 1.

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5 *See* Cal. Pub. Util. Code § 399.15(b)(2)(C) ("Retail sellers shall be obligated to procure no less than the quantities associated with all intervening years by the end of each compliance period. Retail sellers shall not be required to demonstrate a specific quantity of procurement for any individual intervening year.").

6 *See* D.11-12-020, Conclusions of Law 5-7.

7 *See id.*, pp. 2-3, Ordering Paragraphs 2-3. The Commission did not use a straight-line trajectory to establish the PQR for the 2011 through 2013 compliance period because the statute provided that the PQR for that compliance period shall be an average of 20%. *See id.*, p. 11, Ordering Paragraph 1.

8 *Id.*, p. 14.

9 Cal. Pub. Util. Code § 399.15(b)(2)(B).

10 *See* D.11-12-020, Ordering Paragraph 4.

As further explained in response to Question 7, it is premature to consider any PQRs above 50% before the Commission has had the opportunity to assess the impact of the new 50% RPS goals on the electric grid.

6. Is there any reason for the Commission to treat the PQRs for any compliance periods subsequent to 2030 differently from the PQRs established for earlier compliance periods?

Yes, the Commission should treat PQRs for compliance periods subsequent to 2030 differently from the PQRs established for earlier compliance periods. SB 350 requires that the PQRs for compliance periods from 2021 through 2030 "reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves . . . 40 percent by December 31, 2024, 45 percent by December 31, 2027, and 50 percent by December 31, 2020."[11] As explained in response to Question 4, the Commission should establish the PQRs for the 2021 through 2024, 2025 through 2027, and 2028 through 2030 compliance periods using a straight-line trajectory to 40% by 2024, 45% by 2027, and 50% by 2030. This is consistent with the approach the Commission took to setting the PQRs for the 2014 through 2016 and 2017 through 2020 compliance periods and the requirements of SB 350.

In contrast, SB 350 does not require that the PQRs for compliance periods after 2030 to reflect reasonable progress in intervening years. As discussed in response to Question 5, the PQRs for compliance periods after 2030 should be an average of 50%.

7. If the Commission should establish PQRs for compliance periods subsequent to 2030, should any of the future PQRs exceed 50 percent of retail sales?

No, the Commission should only establish PQRs of an average of 50% for compliance periods subsequent to 2030. It is very premature to set PQRs above 50% at this time until more experience is gained with the current RPS program and the new requirements of SB 350. Moreover, 2030 is over 13 years away. The Commission has more than enough time to determine whether any changes to the PQRs after 2030 are needed.

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[11] Cal. Pub. Util. Code § 399.15(b)(2)(B).

Furthermore, as is being contemplated in several major proceedings, such as the Integrated Resource Plan,[12] Distribution Resources Plan,[13] and Integrated Distributed Energy Resources proceedings,[14] the utility industry is expected to go through dramatic changes in how customers use and receive energy. Today, it is unclear how these changes will impact RPS goals and procurement. For example, SB 350 also requires the Commission to establish a process for integrated resource planning to ensure that LSEs meet greenhouse gas emissions targets by 2030, including portfolio optimization requirements.[15] Those efforts are just beginning in R.16-02-007, and the Commission should not prejudge the results by establishing any RPS goal above 50%. Given the expected dramatic changes in the utility industry and the fact that there is no pressing near-term need to take action before 2030, it would be prudent to wait and see how these changes impact RPS goals before increasing them.

8. Should the Commission require that the long-term contracts, UOG, or ownership agreements used to comply with Section 399.13(b) be signed, or entered into commercial operation, on or after January 1, 2021 (i.e., be new contracts or UOG)?

No, requiring the long-term contracts, UOG, or ownership agreements used to comply with Public Utilities Code Section 399.13(b) be signed, or enter into commercial operation, on or after January 1, 2021 is contrary to the express provisions of SB 350. In implementing the new RPS statutory provisions in SB 2 (1X), the Commission repeatedly stated that it was guided by the basic principles of statutory construction, noting that the Commission must "look to the statute's words and give them their usual and ordinary meaning" and that the "statute's plain meaning control the court's interpretation unless its words are ambiguous."[16] Here, Section 399.13(b) is unambiguous that all long-term contracts, UOG, or ownership agreements may be counted towards its requirements, regardless of the contract execution date or commercial operation date.

Section 399.13(b) states that:

> A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or

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12 *See* Rulemaking ("R.") 16-02-007.
13 *See* R.14-08-013, Application ("A.") 15-07-002, A.15-07-003, A.15-07-005, A.15-07-006, A.15-07-007, A.15-07-008.
14 *See* R.14-10-003.
15 *See* Cal. Pub. Util. Code §§ 454.51, 454.52.
16 D.11-12-020, p. 7; D.11-12-052, p. 7; D.12-06-028, p. 8.

more in duration or in its ownership or ownership agreements for eligible renewable energy resources.

There is no basis in the statutory language for a requirement that the long-term contracts, UOG, or ownership agreements counted towards the requirements of Section 399.13(b) be signed, or reach commercial operation, on or after January 1, 2021.

When the Legislature intended to limit an RPS requirement to specific contracts it did so expressly. For instance, the Legislature was explicit that the portfolio balance requirements only apply to "contracts executed after June 1, 2010" or "contracts executed after January 13, 2011" for electric service providers.[17] No similar limitation to contracts executed on or after January 1, 2021 or projects that achieve commercial operation on or after January 1, 2021 is included in Section 399.13(b).

The plain meaning of Section 399.13(b) is that 65% of all procurement of a retail seller counts towards its PQRs for each compliance period must be from long-term contracts, UOG, or ownership agreements. This requirement takes effect "[b]eginning January 1, 2021" – i.e., beginning in the compliance period starting on January 1, 2021. The fact that the reference to "[b]eginning January 1, 2021" in Section 399.13(b) refers to the compliance period starting on January 1, 2021 is made even more clear by Public Utilities Code Section 399.13(a)(4)(iii), which provides that "[i]f a retail seller notifies the commission that it will comply with the provisions of subdivision (b) ***for the compliance period beginning January 1, 2017***, the provisions of clause (i) and (ii) shall take effect for that retail seller for that compliance period."[18] This language is unambiguous that the date references the beginning of the compliance period and is not a limitation on the execution date of the contracts or the projects' commercial operation dates.

The plain language of Sections 399.13(a)(4)(iii) and 399.13(b) require that 65% of all procurement a retail seller counts towards its PQRs for each compliance period must be from long-term contracts, UOG, or ownership agreements. This requirement takes effect in the compliance period beginning January 1, 2017 for LSEs that notify the Commission that they will comply with this requirement beginning in that compliance period. For other LSEs, this requirement takes effect in the compliance period beginning January 1, 2021.

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[17] Cal. Pub. Util. Code §§ 399.16(c)(1)-(4).
[18] Emphasis added.

In addition to being required by SB 350, counting all long-term contracts, UOG, and ownership agreements towards the requirements of Section 399.13(b) is necessary in order to protect customers' investments in previously executed contracts. Relying on the current rules, SCE and other LSEs have procured renewable energy for deliveries well into the 2020's and beyond in order to help meet their compliance obligations. Much of this procurement has come in the form of long-term contractual commitments. Changing the procurement rules "mid-stream" would be fundamentally unfair to the customers of LSEs that took prudent action to meet their RPS goals and adds uncertainty to the procurement process. Without an ability to rely on procurement rules markets become more inefficient and potentially increase costs.

The Commission should not change the rules now so that the RECs from energy, which SCE's customers must pay for under long-term, Commission-approved contracts, are not available to meet SCE's RPS goals. It is unreasonable to take the benefits of past procurement of renewable energy away from SCE's customers, and the statute does not allow it.

9. If the Commission should not require that the contracts, UOG, or ownership agreements be new, how should retail sellers demonstrate that a sufficient proportion of the renewable energy credits (RECs) they are claiming for compliance with RPS procurement requirements are associated with long-term contracts for RPS-eligible electricity generation?

LSEs should demonstrate that a sufficient proportion of the RECs that they are claiming for compliance with RPS procurement requirements are associated with long-term contracts, UOG, or ownership agreements in the same way that they do now. The current RPS compliance report spreadsheet already includes reporting on compliance with the existing long-term contracting requirement. The RPS compliance report spreadsheet can be modified to include the new requirements of Section 399.13(b).

10. Should the Commission require documentation of the contractual or other arrangements that could show compliance with Section 399.13(b) requirements that is different from the documentation currently required to demonstrate compliance with RPS procurement requirements?

No, LSEs already submit copies of their RPS contracts as part of the Commission's process for verifying PCC claims. That same process can be used for demonstrating compliance with Section 399.13(b).

11. If the Commission should require different documentation, what should be required?

Not applicable.

12. Should the Commission set rules for compliance with Section 399.13(b) now?

Yes, certainty in procurement rules improves market efficiencies. Moreover, SCE and the other LSEs need these rules established as early as possible in order to develop their RPS Procurement Plans, including planning for future procurement activities. Uncertainty could lead to LSEs entering into contracts that are unnecessary or ill-advised once the rules are fully developed. This extra expense for customers can be easily avoided by setting the rules as early as possible.

13. Should the Commission interpret the statutory distinction between compliance periods through 2020 and those in later years to mean that the Commission's treatment of RECs associated with contracts signed prior to June 1, 2010 (see D.12-06-038, section 3.3.2 and Ordering Paragraphs (OP) 12-14) will no longer apply in compliance periods after 2020?

No, this interpretation is not permitted by the RPS statute. Public Utilities Code Section 399.16(d) remains the law and states:

> ***Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full toward the procurement requirements established pursuant to this article***, if all of the following conditions are met:
> (1) The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.
> (2) For an electrical corporation, the contract has been approved by the commission, even if that approval occurs after June 1, 2010.
> (3) Any contract amendments or modification occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.[19]

SB 350 did not change the requirement that contracts or ownership agreements originally executed prior to June 1, 2010 shall count in full.

Furthermore, SCE and other LSEs entered into these contracts to help meet their RPS goals, and in the case of the IOUs the Commission approved them for that purpose. It is contrary to Section 399.16(d) and poor public policy to change the rules mid-stream and impose higher costs on LSE customers through the unnecessary procurement of additional resources.

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[19] Emphasis added.

14. If you take the position that the Commission's current treatment of RECs associated with contracts signed prior to June 1, 2010 will not apply after December 31, 2020, please explain how RECs from such contracts should be treated.

As discussed in response to Question 13, this interpretation is not permitted under Public Utilities Code Section 399.16(d).

15. With respect to "electricity products meeting the portfolio content requirements of [Section 399.16(b)(1)], contracts of any duration may count as excess procurement" that can be applied to subsequent compliance periods. Should the Commission interpret this language to mean, in practice, that for "electricity products meeting the portfolio content requirements of [Section 399.16(b)(1)], RECs retired for RPS compliance that otherwise meet RPS procurement and compliance requirements from contracts of any duration may count as excess procurement"?

Yes, the Commission's interpretation of Public Utilities Code Section 399.16(b)(1) is consistent with the language of the statute. The new requirement of Public Utilities Code Section 399.13(b) that 65% of the procurement an LSE counts towards its PQR must be from long-term contracts, UOG, or ownership agreements does not limit whether a REC is eligible to count as bankable excess procurement. Public Utilities Code Section 399.13(a)(4)(B) is clear that under the new banking rules that take in effect in the compliance period beginning January 1, 2021 (or January 1, 2017 for LSEs who provide notice) PCC 1 contracts "of any duration may count as excess procurement" and "[c]ontracts of any duration" that meet the portfolio balance requirements for PCC 2 and PCC 3 that are credited towards a compliance period shall not be deducted from an LSE's procurement for the purposes of calculating excess procurement.[20]

The Commission has also defined "excess procurement" as "procurement in an amount greater than the amount needed to comply with the procurement quantity requirement in a given compliance period."[21] Thus, RECs meeting PCC 1 requirements above the PQR (including RECs from short-term contracts of less than 10 years duration) may count as excess procurement. If an LSE retires PCC 1 RECs from short-term contracts exceeding the 35% allowed under Section 399.13(b), Section 399.13(b) does not act as a limitation on the PCC 1 RECs that can be banked as excess procurement. However, an LSE can only bank RECs in excess of its PQR. As such, the LSE's bankable excess procurement would be limited to the PQR minus the RECs retired. The example in Section II.B below,

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[20] Cal. Pub. Util. Code §§ 399.13(a)(4)(B)(i)-(ii).
[21] D.12-06-038, p. 61.

labeled Attachment A-2, illustrates the calculation of the excess procurement rules discussed in this answer.

16. Should the Commission interpret this statutory directive to include UOG and other ownership agreements, as well as contracts?

Yes, including UOG and other ownership agreements is consistent with the statute and the current rules on excess procurement.

17. Should the Commission require that the contracts, and/or UOG and/or other ownership agreements meeting the requirements of Section 399.16(b)(1) be signed, or enter into commercial operation, on or after January 1, 2021 (i.e., be new contracts)?

No, the Commission should not require that the contracts, UOG, and/or other ownership agreements meeting the requirements of Public Utilities Code Section 399.16(b)(1) be for new contract or new resources. There is nothing in the statute that allows such a dramatic change in the RPS program. As explained in response to Question 8, the Commission must "look to the statute's words and give them their usual and ordinary meaning" and the "statute's plain meaning control[s] the court's interpretation unless its words are ambiguous."[22] There is no language in Section 399.16(b)(1) limiting eligibility for PCC 1 to contracts signed, or reaching commercial operation, on or after January 1, 2021. Indeed, SB 350 made no changes to Section 399.16(b)(1).

Similarly, the only change SB 350 made to Section 399.16(c)(1) was to specify that the 75% PCC 1 portfolio balance requirement applies to all compliance periods after 2016. There is no language in Section 399.16(c)(1) limiting contracts that can count towards the PCC 1 portfolio balance requirement to new contracts or resources. To the contrary, Section 399.16(c)(1) states:

> In order to achieve a balanced portfolio, all retail sellers shall meet the following requirements for all procurement credited toward each compliance period:
>
> (1) Not less than 50 percent for the compliance period ending December 31, 2013, 65 percent for the compliance period ending December 31, 2016, and 75 percent for each compliance period thereafter, of the eligible renewable energy resource electricity products *associated with contracts executed after June 1, 2010*, shall meet the product content requirements of paragraph (1) of subdivision (b).[23]

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[22] D.11-12-020, p. 7; D.11-12-052, p. 7; D.12-06-028, p. 8.
[23] Emphasis added.

Section 399.16(c)(1) is clear that it applies to RECs associated with contracts executed after June 1, 2010. Limiting it to contracts executed on or after January 1, 2021, or projects achieving commercial operation on or after January 1, 2021 is contrary to the explicit words of the statute.

Not only is there no support for the limitation proposed in this question in the law, but such a change would have a major impact on the cost of the RPS program to the customers of all LSEs by invalidating and/or undermining the value of PCC 1 contracts signed and/or reaching commercial operation before January 1, 2021. Essentially, SCE and other LSEs' customers would pay for PCC 1 RECs that would no longer count towards the PCC 1 portfolio balance requirements, and may not count towards RPS goals at all. The RECs from these contracts would be worthless, or at a minimum significantly undermined, requiring LSEs, at a significant cost to their customers, to backfill these contracts with additional PCC 1 contracts.

This is especially troublesome for IOUs, which are required by law or Commission decision to enter into certain RPS contracts (i.e., ReMAT, BioMAT, BioRAM, RAM, SPVP). With these mandated programs, the IOU customers would not only be paying for what are typically high priced contracts, they would not be able to receive the primary benefit of these high-priced contracts: PCC 1 RECs. Instead, IOU customers would have to "double" pay for RECs, those already executed before and/or reaching commercial operation before 2021 and from mandated programs and those to meet this unnecessary and costly procurement requirement.

In addition, several LSEs have relied on the procurement rules in making very large financial commitments. Over several years, these same LSEs have put much time and effort into the contracting process. The requirement suggested in this question would unfairly eliminate the good faith efforts these LSEs put into making these procurement decisions. The Commission should not invalidate these efforts.

LSEs also made good faith decisions to go beyond the RPS targets in order to meet the State's ambitious RPS and greenhouse gas emissions reduction goals. The Commission should not punish those that took early action to meet these goals.

Finally, the interpretation set forth in this question is inconsistent with other portions of the statute. For example, Public Utilities Code Section 399.16(d) states: "Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full toward the procurement requirements established pursuant to this article . . ." If such a contract had a term greater than nine and half years, the statute would provide that it should "count in full toward procurement requirements,"

whereas the rule suggested above would provide that it would not. The rule is also inconsistent with Section 399.13(a)(4)(B)(i), which provides: "electricity products meeting the portfolio content requirements of [Section 399.16(b)(1)], contracts of any duration may count as excess procurement." The rule suggested above would invalidate an LSE's ability use this rule in certain circumstances.

18. Should the Commission impose any limitation on the contracts that may be used pursuant to Section 399.13(a)(4)(B)(i)?.

No, the Commission should not impose any limitations on the contracts that may count as excess procurement under Public Utilities Code Section 399.13(a)(4)(B)(i). As explained in response to Question 17, SB 350 does not limit the contracts that can count towards the PCC 1 portfolio balance requirements to new contracts or new resources. Nor does SB 350 impose any other new limitations on the contracts that can count towards the PCC 1 portfolio balance requirements. Likewise, as discussed in response to Question 15, SB 350 removes the limitation on banking short-term PCC 1 contracts as excess procurement. Section 399.13(a)(4)(B)(i) provides that "[f]or electricity products meeting the portfolio content requirements of paragraph (1) of subdivision (b) of Section 399.16, ***contracts of any duration may count as excess procurement***."[24]

Considering the example at the end of Question 26, once an LSE is operating under the new SB 350 excess procurement rules (as early as January 1, 2017 with notification to the Commission); Section 399.13(a)(4)(B)(i) should be in effect regardless of when the contracts started delivering RECs to the LSE. Once the new SB 350 excess procurement rules apply to an LSE, the Commission should apply no limits to the eligibility of PCC 1 RECs from short-term contracts for that retail seller. Section 399.13(a)(4)(B) is clear that the Commission's existing excess procurement rules apply for compliance periods through 2020 (or 2016 if an LSE provides early compliance notice); however, "[f]or any subsequent compliance period," the new rules apply. There is nothing in Section 399.13(a)(4)(B) that suggests the Commission should determine which excess procurement rules apply based on the execution date of a contract, or based on when the contract began delivering.

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[24] Emphasis added.

19. "[E]lectricity products meeting the requirements of [Section 399.16(b)(2)or(3)] shall not be counted as excess procurement." Should the Commission interpret this language to mean, in practice, that for "electricity products meeting the portfolio content requirements of [Section 399.16(b)(2) or (3)], no RECs retired for RPS compliance may count as excess procurement"?

Yes, the Commission should interpret this language to mean that RECs meeting the portfolio balance requirements for PCC 2 and PCC 3 may not be counted as excess procurement. However, as discussed in response to Question 20, under the new SB 350 excess procurement rules, such PCC 2 and PCC 3 RECs shall apply first to an LSE's PQR before calculating the retail seller's excess procurement eligible for excess procurement (i.e., PCC 2 and PCC 3 RECs applied toward the PQR are not deducted from an LSE's procurement for the purposes of calculating excess procurement and do not offset any eligible PCC 1 excess procurement).

20. How should the Commission implement the new requirements of Section 399.13(a)(4)(B)(ii)? For example, should the Commission simply add RECs associated with PCC 2 procurement to the language that expresses the restrictions related to RECs associated with PCC 3 procurement in OP 29 of D.12-06-038?

Section 399.13 (a)(4)(B)(ii) provides: "Electricity products meeting the portfolio content requirements of paragraph (2) or (3) of subdivision (b) of Section 399.16 shall not be counted as excess procurement. ***Contracts of any duration*** for electricity products meeting the portfolio content requirements of paragraph (2) or (3) of subdivision (b) of Section 399.16 that are credited towards a compliance period ***shall not be deducted*** from a retail seller's procurement ***for purposes of calculating excess procurement***."[25]

Under the Commission's current excess procurement rules, PCC 3 RECs associated with contracts signed after June 1, 2010 that exceed the PCC 3 portfolio balance requirement are deducted out of the RECs an LSE retires in a compliance period for the purposes of calculating the LSE's excess procurement.[26] Additionally, all RECs associated with short-term contracts signed after June 1, 2010 are deducted out of the RECs retired in a compliance period for the purposes of calculating excess procurement.[27] New Sections 399.13(a)(4)(B)(i) and (ii) make two changes to these existing rules. First, PCC 2 RECs associated with contracts signed after June 1, 2010 that exceed the PCC 2 portfolio balance requirements will now be deducted out of the RECs an LSE retires in a compliance period for

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[25] Emphasis added.
[26] *See* D.12-06-038, Ordering Paragraph 29.
[27] *See id.*, Ordering Paragraph 27.

the purposes of calculating the LSE's excess procurement. Second, short-term contracts of any PCC signed after June 1, 2010 are no longer deducted out of the RECs an LSE retires for the purposes of calculating excess procurement, so long as such RECs do not exceed the PCC 2 and/or PCC 3 portfolio balance requirements.

To reflect these changes in law, it would be appropriate for the Commission to include an amended Ordering Paragraph 29 of D.12-06-038 in a new decision with the changes in bold and underline shown below:

> In calculating excess procurement in one compliance period that may be applied to a later compliance period, including 2021 and later years, retail sellers other than retail sellers described in Public Utilities Code Section 399.17 must subtract from the total quantity of renewable energy credits they retire in that compliance period, all renewable energy credits associated with contracts signed after June 1, 2010 meeting the criteria of Public Utilities Code Section **399.16(b)(2) and** 399.16(b)(3) that are more than the number allowed under the limitation set out in Public Utilities Code Section 399.16(c)(2) **and 399.16(c)(3)**.

The Commission should also make clear that Ordering Paragraph 27 of D.12-06-038 requiring that all RECs associated with short-term contracts signed after June 1, 2010 be deducted from an LSE's retired RECs for the purposes of calculating excess procurement is no longer applicable when the new excess procurement rules take effect for an LSE. Additionally, as explained in the IOUs' proposed Stipulation Regarding RPS Banking Amendment, included as Attachment B, the Commission should clarify that under the new excess procurement rules, retired RECs should be applied to the PQR in the following order: PCC 3 within the portfolio balance requirement, PCC 2 within the portfolio balance requirement, PCC 1 within the portfolio balance requirement, and any combination of remaining retired PCC 0 or PCC 1 RECs.

21. Should RECs associated with PCC 2 procurement that have been counted as excess procurement in compliance periods prior to January 1, 2021 be allowed to carry over as excess procurement in the 2021-2024 compliance period and later compliance periods?

For compliance periods where the existing excess procurement rules are in effect for an LSE, that LSE should be able to bank PCC 2 RECs as excess procurement and use them towards the next compliance period in accordance with the existing excess procurement rules. For example, if the existing excess procurement rules apply to an LSE for the 2017 through 2020 compliance period, that LSE should be able to bank PCC 2 RECs as excess procurement in that compliance period and use them

towards the next 2021 through 2024 compliance period in accordance with the current rules. However, beginning in the compliance period when the new excess procurement rules take effect for an LSE, that LSE's ability to bank PCC 2 RECs towards future compliance periods should be determined based on the new excess procurement rules. For instance, in the example above, the LSE's ability to bank the PCC 2 RECs as excess procurement in the 2021 through 2024 compliance period and use them towards the next 2025 through 2027 compliance period would be governed by the new excess procurement rules.

22. When should a retail seller provide such notice to the Commission? For example, before the start of the 2017-2020 compliance period? At some point during the compliance period?

LSEs should provide notice the later of January 1, 2017 or 60 days after the Commission publishes a final SB 350 implementation decision. LSEs can then make informed decisions about whether to request early compliance with the new long-term contracting requirement in Public Utilities Code Section 399.13(b) and the new excess procurement provisions in Public Utilities Code Sections 399.13(a)(4)(B)(i)-(ii). LSEs will need to utilize the new provisions for carry over of excess procurement in their own internal calculations for compliance with RPS requirements, if they chose to comply with the new long-term contracting requirements and excess procurement rules beginning on January 1, 2017. Likewise, the Commission will need to adjust its RPS compliance report templates to utilize new calculations for compliance with RPS requirements for retail sellers that chose to comply with the new requirements beginning on January 1, 2017.

23. How should a retail seller provide such notice to the Commission; for example, advice letter; application; letter to Director of Energy Division?

A retail seller should provide notice through a letter to the Energy Division Director. Public Utilities Code Section 399.13(a)(4)(B)(iii) provides that:

> If a retail seller notifies the commission that it will comply with the provisions of subdivision (b) for the compliance period beginning January 1, 2017, the provisions of clauses (i) and (ii) shall take effect for that retail seller for that compliance period.

The plain meaning of this language is that the Commission does not take action on this notification. As such, there is no need for the LSE to file an advice letter or an application, which the Commission would have to take action to approve or deny. A letter to the Energy Division Director puts the Commission on notice of the LSE's choice without any need for the Commission to take further action consistent with the plain meaning of the statute.

24. If a retail seller states its intention to comply with Section 399.13(b) during the compliance period 2017-2020, should the requirements related to short-term contracts set out in D.12-06-038, OP 15, continue to apply to that retail seller?

No, if an LSE states its intention to comply with Section 399.13(b) during the compliance period 2017-2020, then the requirements related to short-term contracts set out in Ordering Paragraph 15 of D.12-060-038 should not continue to apply to the LSE for this period. When the LSE provides notice of early compliance with the new long-term contracting requirement, the statute provides that the new requirement that 65% of the procurement the LSE counts towards its PQR for the compliance period shall be from long-term contracts, UOG, or ownership agreements. Thus, there is no need to also apply the long-term contracting requirement set forth in Ordering Paragraph 15 of D.12-06-038.

25. If a retail seller states that it intends to comply with Section 399.13(b) during the compliance period 2017-2020, but less than 65 percent of the RECs it counts toward RPS compliance in that compliance period are associated with long-term contracts, how should the Commission treat that compliance showing?

For the circumstances described above, the Commission should revert back to the "ordinary rules." In other words, if this requirement is not achieved, then the LSE would be subject to the original rules for 2017-2020 and not be allowed to use the new excess procurement rules pursuant to Sections 399.13(a)(4)(B)(i)-(ii).

26. Should the Commission interpret Section 399.13(a)(4)(B)(iii) as allowing a retail seller to count as excess procurement in the compliance period beginning January 1, 2017 RECs associated with short-term contracts that had not been allowed to provide excess procurement in the compliance period 2014-2016?

Yes, if an LSE notifies the Commission that it will comply with the provisions of Section 399.13(b) for the compliance period beginning in January 1, 2017, then the new excess procurement rules in Sections 399.13(a)(4)(B)(i)-(ii) apply for RECs retired in that 2017-2020 compliance period. This means that PCC 1 RECs associated with short-term contracts that are retired in that compliance period may count as excess procurement under Section 399.13(a)(4)(B)(i). As such, in the example provided in the question, the PCC 1 RECs associated with the seven-year contract that were retired in the 2017-2020 compliance period would be eligible to count as bankable excess procurement. Similarly, PCC 2 and PCC 3 RECs associated with short-term contracts that meet the portfolio balance requirements and are retired in the 2017-2020 compliance period would not be deducted from the LSE's procurement for the purposes of calculating excess procurement under Section 399.13(a)(4)(B)(ii). As explained in response to Question 18, Section 399.13(a)(4)(B) is clear that the Commission's existing

excess procurement rules apply for compliance periods through 2020 (or 2016 if an LSE provides early compliance notice); however, "[f]or any subsequent compliance period," the new rules apply. There is nothing in Section 399.13(a)(4)(B) that suggests the Commission should determine which excess procurement rules apply based on the execution date of a contract, or based on when the contract began delivering.

B. Red-line of Attachment A

ATTACHMENT A-1

Table 6: Example Excess Procurement Calculation (Compliance Period ~~1~~4)

Note: Category 1, 2 and 3 RECs meet the criteria of Sections 399.16(b)(1), 399.16(b)(2) 399.16(b)(3), respectively; Short-term contracts are less than 10 years in length

Data Table	Quantity of RECs	Portfolio Content Category Requirements for Compliance Period ~~1~~4
Procurement Quantity Requirement (PQR)	2,500	N/A
RECs from contracts executed prior to June 1, 2010	~~1,000~~500	N/A
RECs from contracts executed after June 1, 2010	~~2,000~~2,500	N/A
Long-Term Category 1 Short-Term Category 1	~~900~~1,000 ~~100~~825	Minimum Category 1 is 1,500~~1,000~~ RECs (2,000 * 75~~50~~%)[28]
Long-Term Category 2 Short-Term Category 2	~~400~~175 ~~0~~100	N/A

[28] Minimum Category 1 and Maximum Category 3 calculations are based on total of Category 1, 2, or 3 products credited towards a compliance period and do not include any Category 0 products credited towards that compliance period. Therefore, the calculation may be based on an amount less than the Procurement Quantity Requirement for that compliance period.

Long-Term Category 3 Short-Term Category 3	~~600~~150 ~~0~~250	Maximum Category 3 is 200~~500~~ RECs (2,000 * 10~~25~~%)[29]
Total RECs Retired in Compliance Period ~~1~~4 ~~(2011 – 2013)~~(2021-2024)	3,000	N/A
Example Excess Procurement Calculation for Compliance Period ~~1~~4	**Quantity of RECs**	**Calculation**
Total RECs Retired in the Compliance Period	3,000	
Minimum Long-Term Quantity Requirement	1,625	PQR * 65% (2,500 * .65)
Long-Term RECs applied to PQR	1,625	150 Cat 3 + 175 Cat 2 + 800 Cat 1 + 500 Cat 0
Short=Term RECs applied to PQR[30]	875	50 Cat 3 + 100 Cat 2 + 725 Cat 1
Procurement Quantity Requirement Shortfall	0	(2,500 – 1,625 – 875 = 0)
~~*minus* All RECs from Short-Term Contracts Signed after June 1, 2010~~	~~- 100~~	
minus Portion of RECs from Category 2 and 3 not meeting the portfolio content requirements ~~Contracts above the Maximum Limit~~	- 200~~100~~	Total Category 3 RECs minus Maximum Allowed (400 – 200 = 200)~~(600 – 500 = 100)~~
equals RECs Eligible for Excess Procurement	= 2,800	
minus Procurement Quantity Requirement for the Compliance Period	- 2,500	
equals Excess Procurement from the Compliance Period	= 300	200 Long-Term Cat 1 + 100 Short-Term Cat 1

ATTACHMENT A-2

Table 6: Example Excess Procurement Calculation (Compliance Period 4~~1~~)

[29] For purposes of clarity, long-term RECs are shown above any short-term RECs applied to the PQR. However, consistent with the Banking Stipulation in Attachment B, RECs should be applied to the PQR in the following order: Category 3, Category 2, and Category 1 within the PBR, and any combination of remaining retired Category 0 or Category 1 RECs.

[30] Short-Term RECs applied to PQR is derived by multiplying Long-Term RECs applied to PQR by .35/.65.

Note: Category 1, 2 and 3 RECs meet the criteria of Sections 399.16(b)(1), 399.16(b)(2) 399.16(b)(3), respectively; Short-term contracts are less than 10 years in length

Data Table	Quantity of RECs	Portfolio Content Category Requirements for Compliance Period ~~1~~4
Procurement Quantity Requirement (PQR)	2,500	N/A
RECs from contracts executed prior to June 1, 2010	~~1,000~~ 500	N/A
RECs from contracts executed after June 1, 2010	~~2,000~~ 2,500	N/A
Long-Term Category 1 Short-Term Category 1	~~900~~ 700 ~~100~~1,125	Minimum Category 1 is 1,385~~1,000~~ RECs (~~2,000~~1,846 * 75%~~50%~~)[31]
Long-Term Category 2 Short-Term Category 2	~~400~~175 ~~0~~100	N/A
Long-Term Category 3 Short-Term Category 3	~~600~~150 ~~0~~250	Maximum Category 3 is 184~~500~~ RECs (1,846~~2,000~~ * 10~~25~~%)[32]
Total RECs Retired in Compliance Period ~~1~~4 ~~(2011 – 2013)~~(2021-2024)	3,000	N/A
Example Excess Procurement Calculation for Compliance Period ~~1~~4	**Quantity of RECs**	**Calculation**
Total RECs Retired in the Compliance Period	3,000	
Minimum Long-Term Quantity Requirement	1,625	PQR * 65% (2,500 * .65)

[31] Minimum Category 1 and Maximum Category 3 calculations are based on total of Category 1, 2, or 3 products credited towards a compliance period and do not include any Category 0 products credited towards that compliance period. Therefore, the calculation may be based on an amount less than the Procurement Quantity Requirement for that compliance period.

[32] For purposes of clarity, long-term RECs are shown above any short-term RECs applied to the PQR. However, consistent with the Banking Stipulation in Attachment B, RECs should be applied to the PQR in the following order: Category 3, Category 2, and Category 1 within the PBR, and any combination of remaining retired Category 0 or Category 1 RECs.

Long-Term RECs applied to PQR	1,525	150 Cat 3 + 175 Cat 2 + 700 Cat 1 + 500 Cat 0
Short=Term RECs applied to PQR[33]	821	34 Cat 3 + 100 Cat 2 + 687 Cat 1
Procurement Quantity Requirement Shortfall	154	(2,500 – 1,525 – 821 = 154)
~~*minus* All RECs from Short-Term Contracts Signed after June 1, 2010~~	~~– 100~~	
minus Portion of RECs from Category 2 and 3 not meeting the portfolio content requirements ~~Contracts above the Maximum Limit~~	- 216~~100~~	Total Category 3 RECs minus Maximum Allowed (400 – 184 = 216)~~(600 – 500 = 100)~~
equals RECs Eligible for Excess Procurement	= 2,784	
minus Procurement Quantity Requirement for the Compliance Period	- 2,500	
equals Excess Procurement from the Compliance Period	= ~~300~~284	284 Short-Term Cat 1

Respectfully submitted,

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Dated: May 5, 2016

[33] Short-Term RECs applied to PQR is derived by multiplying Long-Term RECs applied to PQR by .35/.65.

ATTACHMENT B
STIPULATION REGARDING RPS BANKING AMENDMENT

Senate Bill (SB) 350 (De Leon), Stats. 2015, ch. 547 includes changes to the way that load-serving entities (LSEs) can create a "bank" of excess Renewables Portfolio Standard (RPS) credit in one compliance period for use in any future RPS compliance period. These changes are codified in Section 399.13(a)(4)(B).[1] The Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (the "Stipulating Parties") support the following legal interpretation of the new banking statutory provisions.

Once the new banking rules go into effect for an LSE, the language of Section 399.13(a)(4)(B) requires that the regulatory authority sum all eligible portfolio content category (PCC) 1, 2, and 3 products (as those are defined in Sections 399.16(b)(1)-(3), respectively)[2] retired by the LSE in a particular RPS compliance period and then determine the bankable excess PCC 1 procurement, if any, by applying (1)-(3) towards the LSE's RPS procurement quantity requirement (PQR) for the compliance period in the following order: (1) all retired PCC 3 products in that compliance period that fall within the portfolio balance requirements (PBR) of Section 399.16(c); (2) all retired PCC 2 products in that compliance period that fall within the PBR of Section 399.16(c); and (3) all retired PCC 1 products in that compliance period that fall within the PBR of Section 399.16(c). After applying (1)-(3) to the PQR, any retired PCC 1 products in excess of the PQR as a result of this calculation are bankable excess PCC 1 procurement. Applying the PCC 1, 2, and 3 products towards compliance in this manner complies with the statutory requirement that PCC 2 and PCC 3 products will not be counted as excess procurement.[3]

The long-term contracting requirement found in Section 399.13(b)[4] is a separate, additional requirement with which all LSEs must comply. That requirement does not limit whether a Renewable Energy Credit (REC) is eligible to count as bankable excess procurement. However, each REC that is eligible for banking under these rules will retain its long-term[5] or short-term attribute for purposes of implementing

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[1] This and all subsequent references to statutory sections are to the California Public Utilities Code.

[2] As discussed below, this discussion and Examples 1 and 2 below include no procurement of PCC 0 products (as defined under Section 399.16(d)). However, as further explained below under "PCC 0 – Grandfathered Contracts," PCC 0 products are eligible products that may be banked as excess procurement without limitation.

[3] Section 399.13(a)(4)(B)(ii).

[4] Section 399.13(b) was modified by SB 350 as follows: "A retail seller may enter into a combination of long- and short-term contracts for electricity and associated renewable energy credits. ~~The commission may authorize~~ Beginning January 1, 2021, at least 65 percent of the procurement a retail seller ~~to enter into a contract of less than~~ counts towards the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years~~,~~ or more in duration ~~with an eligible renewable energy resource, if the commission has established,~~ or in its ownership or ownership agreements for ~~each retail seller, minimum quantities of~~ eligible renewable energy resources ~~to be procured through contracts of at least 10 years' duration~~." Except as stated within this Stipulation, the Stipulating Parties do not intend for this Stipulation to provide an interpretation of Section 399.13(b).

[5] The RPS statute defines "long-term" procurement as that resulting from "contracts of 10 years or more in duration" or an LSE's "ownership or ownership agreements for eligible renewable energy resources." Section 399.13(b).

the separate long-term contracting requirement in any future RPS compliance period in which that banked REC is used for compliance.

Example 1: All Retired Procurement Meets PBR Limitations

(1) where an LSE has a PQR equal to 100 RECs in a given compliance period; and
(2) where the PBR limitations require at least 75% of compliance from PCC 1 and allow no more than 10% of compliance from PCC 3; and
(3) where the LSE retired the following types of RECs in the Western Renewable Energy Generation Information System (WREGIS) for compliance in that compliance period: 90 RECs from PCC 1; 15 RECs from PCC 2; and 10 RECs from PCC 3; then
(4) the result would be banked excess procurement of 15 PCC 1 RECs.

This is because the retired PCC 3 and PCC 2 RECs would be applied to the PQR first (since they may not count as excess procurement), and the PCC 1 RECs would be applied last. Since the total number of RECs (90+15+10=115) complies with the applicable PBR, and exceeds the PQR of 100, the last 15 PCC 1 RECs would not be needed in that compliance period to meet the PQR and would thus be banked for future use. The new banking rules further specify that the duration of the contracts that produce any of these RECs would no longer matter in the excess procurement calculation.

Example 2: Retired Procurement in Excess of PBR Limitations

In the event that the LSE retires more PCC 3 or PCC 2 RECs than is allowed under the PBR limitations for the compliance period, the excess PCC 3 or PCC 2 RECs would not be eligible for banking. The following illustrative example explains the accounting:

(1) where an LSE has a PQR equal to 100 RECs in a given compliance period; and
(2) where the PBR limitations require at least 75% of compliance from PCC 1 and allow no more than 10% of compliance from PCC 3; and
(3) where the LSE retired the following types of RECs in the WREGIS for compliance in that compliance period: 90 RECs from PCC 1; 25 RECs from PCC 2; and 20 RECs from PCC 3; then
(4) the result would be banked excess procurement of 15 PCC 1 RECs.

To the extent the PCC 2 and PCC 3 RECs comply with the PBR limitations in Section 399.16(c), the statute provides that they shall not be deducted from an LSE's procurement for purposes of calculating excess procurement.[6] As with the first example, the retired PCC 3 and PCC 2 RECs that meet the PBR limitations would be applied to the PQR first (since they may not count as excess procurement), and the PCC 1 RECs would be applied last. Given the PQR of 100 RECs, a maximum of 10 PCC 3 RECs may be applied toward compliance. Because a minimum of 75 PCC 1 RECs must be applied under the PBR limitations, the remaining 15 RECs needed to meet the PQR (100 total PQR – 10 PCC 3 – 75 PCC 1) may come from PCC 2. The 10 PCC 3 RECs outside of the PBR limitations (20 total retired – 10 allowed) may not be credited towards compliance and may not be banked. Similarly, the 10 PCC 2 RECs that are excess due to the PBR limitations (25 total retired – 15 needed) may not be banked. The banked excess procurement of 15 PCC 1 RECs is the result of subtracting the total retired PCC 1 RECs from the minimum required to be used for compliance (90 – 75). As in the first example, the duration of the contracts that produce any of these RECs would no longer matter in the excess procurement calculation.

[6] Section 399.13(a)(4)(B)(ii).

PCC 0 – Grandfathered Contracts

For purposes of simplification, the examples described above assume no procurement of PCC 0 products (as defined under Section 399.16(d)). PCC 0 RECs may be banked as excess procurement without limitation. If an LSE retires PCC 0, PCC 1, PCC 2, and PCC 3 RECs in a compliance period, the retired PCC 3 and PCC 2 RECs in that compliance period that fall within the PBR of Section 399.16(c) would be applied to the PQR first (since they may not count as excess procurement), then all retired PCC 1 products in that compliance period that are needed to meet the minimum PBR of Section 399.16(c) would be applied to the PQR, and finally any combination of remaining retired PCC 0 or PCC 1 RECs, at the LSE's discretion, would be applied to the remainder of the PQR. After applying these steps to meet the PQR, any remaining retired PCC 1 or PCC 0 RECs are bankable excess.

VERIFICATION

I am a Manager in the Regulatory Affairs Organization of Southern California Edison Company and am authorized to make this verification on its behalf. I have read the foregoing **OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON IMPLEMENTATION OF ELEMENTS OF SENATE BILL 350 RELATING TO PROCUREMENT UNDER THE RENEWABLES PORTFOLIO STANDARD**. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **5th day of May, 2016**, at Rosemead, California.

/s/ Janos Kakuk

By: Janos Kakuk

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